

E-Commerce as Indonesia's Economic Development Effort

Cici Widya Prasetyandari*

Faculty of Islamic Economics and Business, Universitas Islam Zainul Hasan Genggong Probolinggo, Probolinggo, Indonesia

Research article

Received 19 September 2022; Accepted 26 October 2022

How to cite: Prasetyandari, CW. (2022). E-Commerce as Indonesia's Economic Development Effort. *Indonesian Journal of Economics and Management*, 3(1), 70-78.

***Corresponding author:** ciciwidyaprsetyandari@gmail.com

Abstract: Businesses need a technology for communication, recording company finances, monitoring employee performance, marketing the business, selling merchandise and others. The technology used in a business adapts to the needs of the company. Indonesia is one of the countries that use technology in various activities. This country is also one of the countries with the largest internet users in the world. The number of internet users is used by business people to market their products through e-commerce. This study aims to determine the role of e-commerce in helping the Indonesian economy. The method used is a literature review. The result is that e-commerce has a positive role for the Indonesian economy. The existence of e-commerce is able to increase income for entrepreneurs so that it can help the economy of the Indonesian people. In addition, e-commerce is also beneficial for consumers who want to shop without having to leave the house.

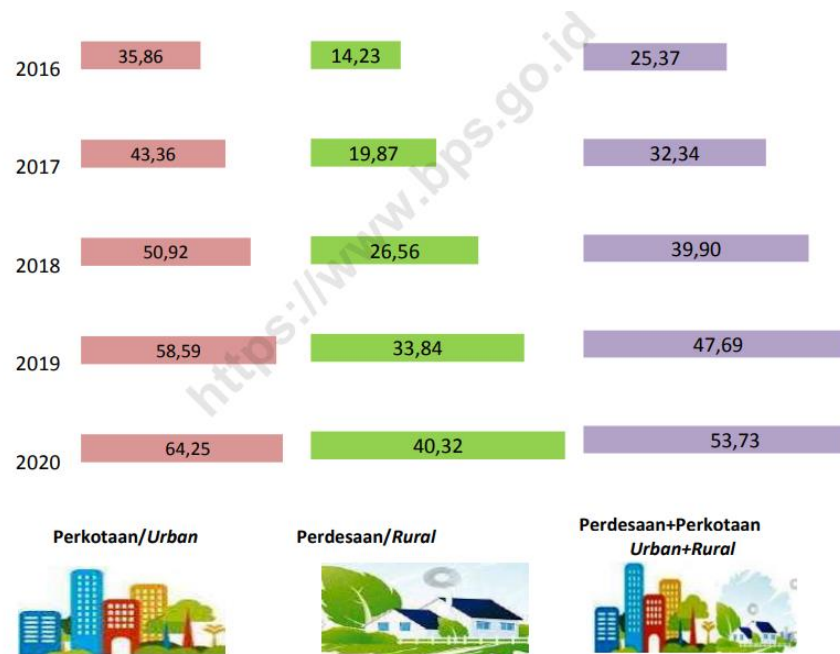
Keywords: e-commerce; technology; internet; economy.

1. Introduction

Economic development in a country is always a concern of the government. A country is said to be developed if a country's economy is stable, the poverty rate is low and all of its people are prosperous. Era 4.0 is an era where technology is developing very rapidly. In this era, almost all people in various countries use technology in all activities. The technology that exists today will continue to get more sophisticated along with the times. Technology has many positive sides that can be used by all ages.

Technology in a business is no longer commonplace, every layer of a business requires technology to support its business activities. Businesses need technology for communication, keeping track of company finances, monitoring employee performance, marketing the business, selling merchandise and others. The technology used in a business adjusts to the needs of the company.

Echnological needs are not only needed by business people, society in general at this time requires technology for learning, working, shopping and entertainment facilities. This can be seen from the internet usage of the Indonesian population in the 2016-2020 period, which has increased from year to year.



Sumber/Source: BPS, Survei Sosial Ekonomi Nasional /BPS-Statistics Indonesia, National Socio-Economic Survey

Figure 1. Indonesian Population Internet User Statistics for 2016-2020

Many internet users are used by business people to market their products through social media and e-commerce. E-Commerce is the distribution, purchase, sale, marketing of goods and services through electronic means such as the internet or television, www or other computer networks (Harmayani, et al. 2020). Indonesia has become one of the countries with the highest e-commerce growth in the world because more and more business actors have developed their businesses in a digital direction in recent years (Romindo, et al. 2019).

The development of e-commerce helps business people to sell their wares easily, e-commerce is one of the answers to overcome various problems that have arisen as a result of the co-19 pandemic since 2020. The existence of the Covid-19 pandemic which is being faced by the world, especially Indonesia, has caused business actors to experience a decrease in income and even go bankrupt and the Indonesian economy has fallen drastically. Markets, supermarkets, malls and shops are required to carry out a lockdown, so that their income drops significantly. The decline in income caused business actors to lay off their employees.

The impact caused by the Covid-19 pandemic is that the Indonesian economy is unstable, prices are rising while many people have lost their jobs. The existence of digital, which is already familiar to the community, opens up business opportunities for all levels of society to find business opportunities and revive their businesses which were almost bankrupt. Through e-commerce, people can start buying and selling businesses online, so that sellers and buyers do not need to make face-to-face transactions. This technology is very helpful for sellers and buyers, for sellers they do not have to have a large stall and a strategic location to display their business, for their buyers it is easy to buy goods without having to leave the house.

Based on the background above, the researcher is interested in analyzing the role of e-commerce at this time. This study aims to determine the role of e-commerce in helping the economy of the Indonesian people. The results of this study are expected to provide positive recommendations for business actors and prospective business actors.

2. Literature Review

2.1. E-Commerce

E-commerce is an arena for transactions or exchange of information between sellers and buyers in cyberspace (Rerung, 2018). The existence of E-Commerce facilitates buying and selling transactions without having to meet face to face, the reach of e-commerce is also very broad so that it can be accessed by various groups without being limited by distance and time. According to Ramindo et. al. (2019) Characteristics of the E-Commerce are; 1) Transactions between two parties, namely buyers and sellers, 2) Exchange of goods, services and information; 3) electronic systems such as; internet, television and other computer networks.

Rerung (2018:20) describes the types of E-Commerce consisting of; Business to Business (B2B), Business to Customer (B2C), Business to Administration (B2A), Customer to Administration (C2A), Online to Offline (O2O).

a. Business to Business (B2B)

Business to Business (B2B) is an online buying and selling transaction made by one company to another company. This business involves 2 companies that work together in buying and selling. For example, a company produces a garment and sells it to other stores. Examples of business to business e-commerce are: bizzy.co.id and ralali.com.

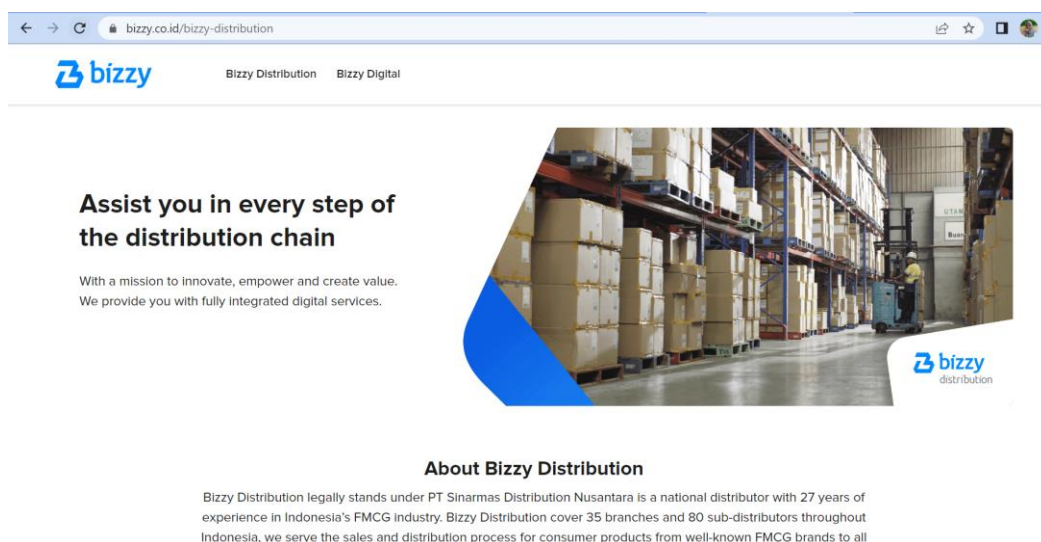


Figure 2. The bizzy.co.id platform

b. Business To Costumer (B2C)

Business To Customer (B2C) is a buying and selling transaction through e-commerce that originates from a company and is sold directly to the end consumer. For example bhinneka.com and lazada.co.id.

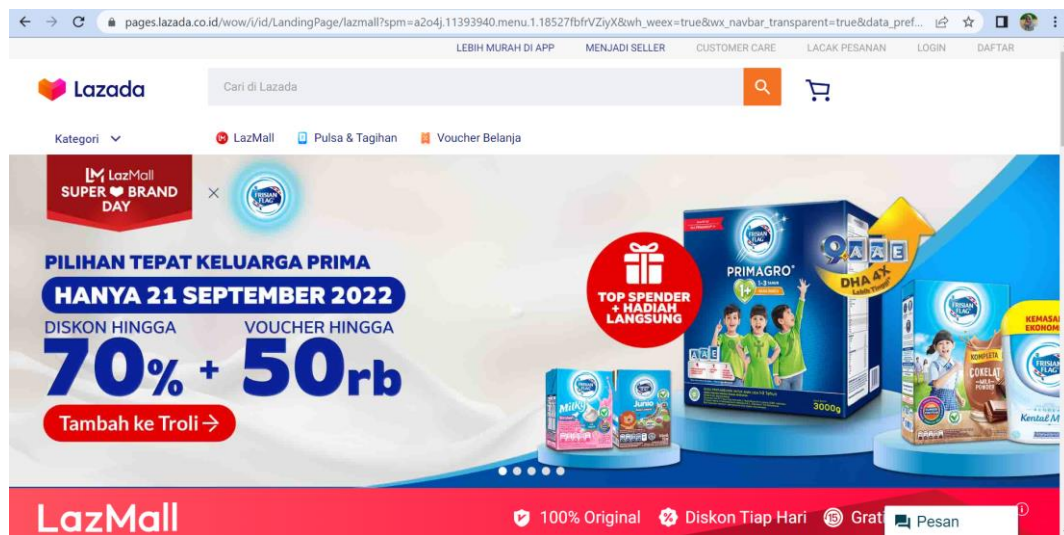


Figure 3. The lazada.co.id platform.

c. Costumer to Costumer (C2C)

Customer to Customer (C2C) is a buying and selling transaction made by consumers to other consumers. This business model is a business that can reduce costs, because consumers can sell products without having to set up a company or building. This certainly reduces costs incurred, besides that this business has great advantages compared to other business models. Examples of E-commerce Customer to Customer (C2C) are Bukalapak, Shopee, and others.

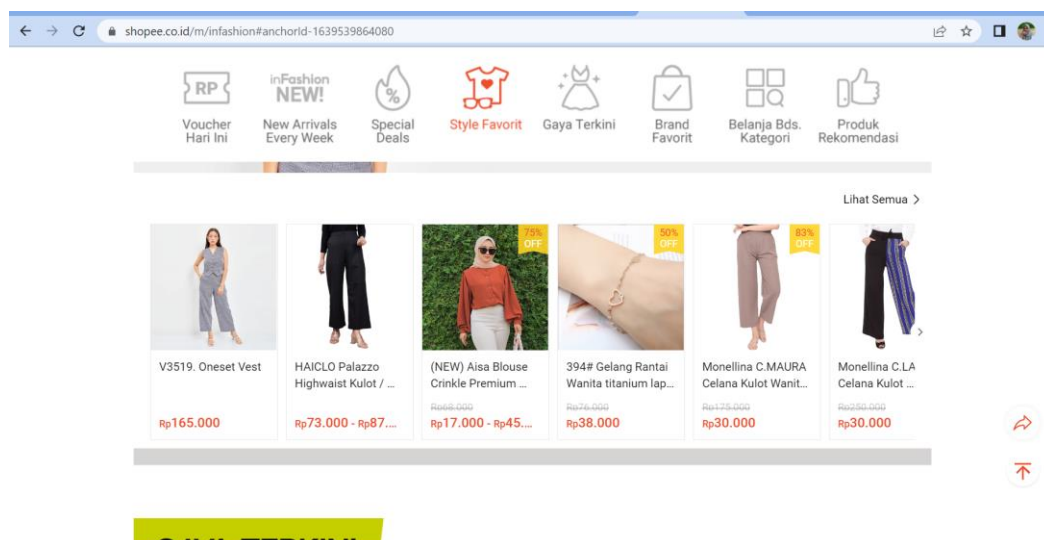


Figure 4. The Shopee platform

d. Costumer to Business (C2B)

Customer to Business (C2B) is a transaction made by consumers to a company. Consumers can offer their services to companies according to their areas of expertise. Examples of C2B E-Commerce are Freelancer, Upwork, iStock and others.

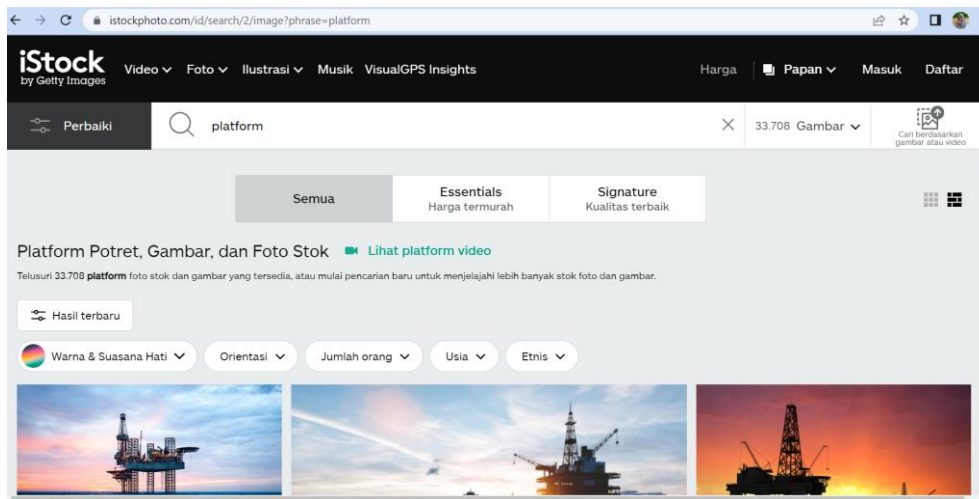


Figure 4. iStock platforms

- e. Business to Administration (B2A)
Business to Administration (B2A) is a transaction made by a company to the government. The company sells goods or services needed by the government to support its operational activities.
- f. Customer to Administration (C2A)
customer to Administration (C2A) is buying and selling made by consumers to government agencies. An example is online tax payments and online BPJS contribution payments.

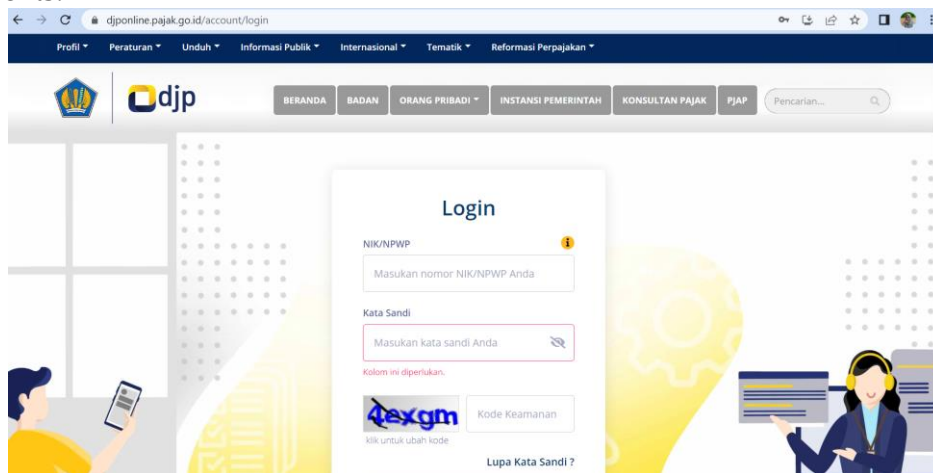


Figure 5. Tax Platform

- g. Online to Offline (O2O)
Online to Offline (O2O) are mixed transactions between online and offline in which companies offer their goods or services online to attract customers to come to their business and make transactions in person. Examples are RedDoorz, OYO, Agoda and others.

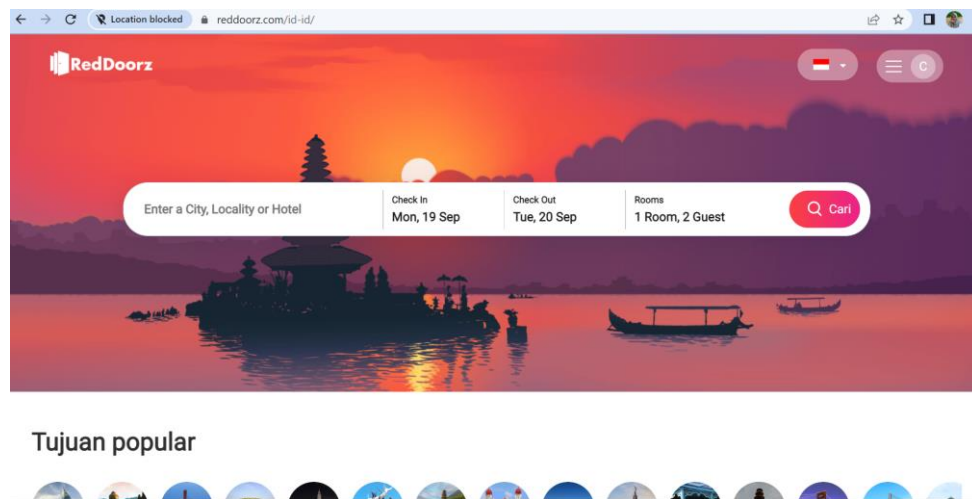


Figure 7. RedDoorz Platforms

3. Research Methods

This research is a qualitative research, the method used is literature review. Literature review is a systematic, explicit and reproducible method for identifying, evaluating and synthesizing works of research results and ideas that have been produced by researchers and practitioners (Okoli & Schabram, 2010). There are 5 steps that must be carried out in this literature review including 1) search for relevant literature, 2) evaluate sources, 3) identify themes, debates, and gaps, 4) outline the structure and 5) write a literature review (Sutopo, 2021).

4. Results and Discussion

Electronic trade or e-commerce is a transaction of buying, selling and marketing goods and services through an electronic system (Akbar and Alam, 2020). E-commerce is generally interpreted as buying and selling transactions online. Utilization of online media as a means of buying and selling is the right step to make transactions between sellers and buyers easier in this era.

For business people, E-commerce is a means of buying and selling that can minimize expenses and time (Orinaldi, 2020). With the existence of E-commerce companies do not require a special location to start and develop their business. New business people can start a business at home without having to provide strategic land to build a business. This is of course very cost-effective. Even someone who has limited capital can start to open a business. Businesses that use e-commerce also have a very wide reach, without spending on advertising through brochures or banners, this business can be accessed by various groups. Remote buyers and sellers can communicate through certain applications or the web, so this is very cost-effective.

Yulianto, et al (2015) conveyed the results of their research that the community was greatly helped by the presence of e-commerce, the e-commerce-based payment process is effective because it can be done anywhere without face-to-face meetings, and is efficient because e-commerce can be done by all levels people regardless of their economic level. The ease of payment is the main attraction for various groups of people. Most people can buy all their needs without having to leave the house. It is also considered more time efficient, especially for workers. They don't have to wait for free time to go to the market/mall or

supermarket to fulfill all their needs. Not only that, shopping online is a way to avoid long lines at supermarket/mall cashiers. Besides being beneficial for buyers, e-commerce is also beneficial for sellers. Entrepreneurs can do business and make extra money on the sidelines of their busy lives as employees and students because e-commerce business is flexible. This will certainly help the community's economy and the welfare of the community.

Maya (2016) shows that the sales strategy for the food, fashion and household sectors in UKM X through e-commerce has increased by 348% from 2014 to 2015, the increase also occurred from 2015 to July 2016 by 25% (Maya, 2016). The results of the study prove that sales through e-commerce have a positive impact on the company. By implementing e-commerce in its business, the company can experience a significant increase in sales, even more than 100% compared to the previous year. The increase in sales for SMEs indicates that the wheels of the economy are running smoothly. Thus, it can improve the economy of the Indonesian people.

Siagian (2021) the results of his research show that the marketing effect of Micro, Small, and Medium Enterprises (MSMEs) respondents has a positive effect on the use of E-commerce or there is a significant influence from the marketing effect on MSME performance. This proves that companies that use e-commerce can improve company performance. Increasing the company's performance indicates that the company gets an increase in profits each period. Companies that continue to improve their performance have the opportunity to grow and be able to absorb more workers. That is, the more developed a company provides opportunities to add employees and reduce unemployment in Indonesia. Companies that continue to grow are one of the balancers of the economy in Indonesia. The more people who are prosperous, the more the economy in Indonesia will increase.

Ayu and Lahmi (2020) show that e-commerce is a solution for businesses to overcome the impact of the Covid-19 pandemic, during the pandemic many people invested in this field to increase the scale of their business. Ayu and Lahmi (2020) also states that E-commerce is beneficial for consumers and the government because this buying and selling system provides security and convenience in transactions because it adheres to health protocols. Consumers are also more effective and efficient in terms of time, effort and price selection. The development of the buying and selling system in the community has enabled business actors to continue doing business so that they can pay taxes and increase state revenue.

Based on the description above, it can be concluded that e-commerce has a positive impact on the economy of the Indonesian people. E-commerce makes it easy for people to transact in all circumstances. With the existence of e-commerce, people do not need to leave the house and spend time shopping to fulfill their daily needs. Even during the 2020-2021 Covid-19 pandemic, e-commerce has become a bridge for people who want to transact without having to meet or have physical contact. The Indonesian economy is still alive because business actors and the public are able to make good use of it. Business actors who experience failure or lack of income can obtain additional income through e-commerce. Because e-commerce is a method of buying and selling online by saving costs with an unlimited market reach. Companies or business actors that continue to run and improve their performance can fulfill tax payments to the state. Thus, state income increases and can prosper all elements of Indonesian society.

5. Conclusion

Businesses need a technology for communication, keeping track of company finances, monitoring employee performance, marketing the business, selling merchandise and others.

The technology used in a business adjusts to the needs of the company. Indonesia is a country that utilizes technology in every activity. This country is also one of the countries with the largest internet users in ASIA. Many internet users are used by entrepreneurs to market their products through social media and e-commerce. The development of e-commerce helps entrepreneurs to sell their wares easily, e-commerce is one of the answers to overcome various problems that have arisen as a result of the co-19 pandemic since 2020.

Based on the results of the study it can be concluded that e-commerce has a positive impact on the economy of the Indonesian people. E-commerce makes it easy for people to transact in all circumstances. With the existence of e-commerce, people do not need to leave the house and spend time shopping to fulfill their life needs. For entrepreneurs, e-commerce is a method of buying and selling online by saving costs with an unlimited market reach. Companies or entrepreneurs can continue to run and improve their performance and fulfill their tax obligations to the state. So that state income increases and can prosper the people of Indonesia.

References

- Ade Onny Siagian. (2021). *Strategi Pemasaran E-Commerce Bagi Umkm Indonesia Untuk Meningkatkan Perekonomian Indonesia*. Jurnal AKRAB JUARA. Vol 6 No 1. Hal 1-15
- Akbar, Muhammad Aldrin dan Alam, Sitti Nur. (2020). *E-Commerce Dasar teori dalam bisnis digital*. Penerbit; Yayasan Kita Menulis
- Harmayani, dkk. (2020). *E-commerce; Suatu pengantar Bisnis Digital*. Penerbit; Yayasan kita menulis.
- <https://djponline.pajak.go.id/account/login> (Accessed date 03 September 2022)
- https://shopee.co.id/?gclid=CjwKCAjwg5uZBhATEiwAhhRLHpv5ueX-UeMDYALWaeXUG-H2pDg0fbyYcJIEZBwLI tafOUkTP82xoCJkQAvD_BwE (Accessed date 03 September 2022)
- <https://www.bizzy.co.id/> (Accessed date 03 September 2022)
- <https://www.istockphoto.com/id> (Accessed date 03 September 2022)
- https://www.lazada.co.id/?exlaz=d_1:mm_150050845_51350203_2010350203:11:12493663656!118894776677!lazada!e!kwd-19342147066!c!!!!503957112711!&gclid=CjwKCAjwg5UzBhATEiwAhhRLHmKQ6vyfxXwxsmGpih7j32V8w2J0lgNcpdl2HgZLuadtXZE50pp0TRoCn6kQAvD_BwE (Accessed date 03 September 2022)
- <https://www.reddoorz.com/id-id> (Accessed date 03 September 2022)
- Muhammad orinaldi. (2020). Peran E-commerce dalam Meningkatkan Resiliensi Bisnis di era Pandemi. *Iltizam Journal of Shariah Economic Research*. Vol. 5, No.2 pp. 36-53
- Okoli, C. & Schabran, K. (2010). A Guide to Connducting a Systematic Literature Review of Information System Research. *Sprout: Working papers on Information System*, 10(26). <http://sprouts.aisnet.org/10-26>
- Rerung, Rintho Rante. (2018). *E-Commerce menciptakan daya saing melalui teknologi informasi*. Sleman: CV Budi Utama.
- Romindo, dkk. (2019). *E-Commerce; Implementasi, Strategi dan Inovasinya*. Penerbit; Yayasan Kita Menulis.
- Siska Maya. (2016). Strategi Peningkatan Penjualan Usaha Kecil Menengah Melalui E-Commerce studi kasus; Mitra UKM perusahaan X. *Journal of Applied Business and Economics*. Volume 2 Nomor 3. Hal 271-279
- Sutopo, Ariesto Hadi. (2021). *Literature Review dengan Nvivo*. Banten: Topazart.

Yulianto, Dkk. (2015). *Analisa Peranan Teknologi Internet Sebagai Media Transaksi E-Commerce Dalam Meningkatkan Perkembangan Ekonomi*. Seminar Nasional Teknologi Informasi dan Multimedia 2015. 25-29